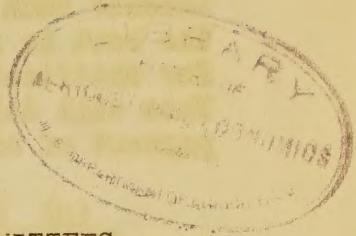


August 1, 1936

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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
North Central Division
Washington, D. C.



MEMORANDUM FOR STATE AGRICULTURAL CONSERVATION COMMITTEES

Re: Bonds of Treasurers of County Agricultural
Conservation Associations.

Treasurers of all county agricultural conservation associations must furnish bonds covering the faithful performance of the duties of their offices. Bonds executed by treasurers of commodity control associations can not be continued in lieu of executing new bonds for treasurers of county agricultural conservation associations. Any blank bond forms on hand which were issued for earlier programs should be immediately destroyed to eliminate any possibility of their use in connection with the 1936 Agricultural Conservation Program. Each bond must be executed with a surety company approved by the United States Treasury Department and must be in a penal amount not less than one-third as large as the probable amount of the association's annual budget. In all instances bonds should be sufficiently large to cover at least two consecutive months in which the largest expense claims will be incurred. Bonds executed with personal sureties will not be accepted. A bond must be filed for each association treasurer and must be approved before funds for county administrative expenses can be sent to such treasurer. The rate of premium on treasurers' bonds is now being arranged with the association of surety companies. It is not expected that such rate will exceed the rate of \$7.50 per \$1000, and an effort is being made to secure a lower premium rate.

The State Committee should distribute the bond forms and issue instructions relative to bonds to county associations. When bond forms are returned to the State Committee after execution, they should be examined by the State Committee before transmission to the North Central Division. A list of surety companies which are approved by the Treasury Department is attached hereto. You will be advised of any changes in this list.

It is suggested that the following procedure be used in connection with treasurers' bonds, beginning immediately upon receipt of the supply of bond forms which you will receive shortly:

- (1) Three copies of the bond form should be sent to each association secretary with the request that the treasurer execute a bond in an amount at least one-third as large as the amount of the annual budget. All bonds must be executed as surety by one of the surety companies.

whose name appears on the attached list. If any association secretary has difficulty in locating an agent of an acceptable surety company, the State Office should advise him of the location of agents of several surety companies whom he can easily contact. The secretary should be advised that it is necessary to ascertain from the agent of the surety company who signs the bond for the company that he has on file with the Treasury Department in Washington an authorization to execute such a type of bond. If no such authorization is on file when the bond is received, it will be necessary to write to the surety company for ratification of the action of the agent in the execution of the bond. This will delay approval of the bond and cause a corresponding delay in payment of expenses;

(2) Secretaries should be instructed to make certain that all spaces on the bond form are filled in properly. All three copies of the form should be filled in and completely executed;

(3) When completed, the original of the bond form should be transmitted to your office where it should be checked with the attached specimen copy to make certain that all spaces are filled in properly. One copy of the bond will be retained by the association secretary and one by the surety agent.

In the upper right-hand corner, the names of the county and of the State are to be inserted. If the association covers more than one county, all counties included in such association are to be listed in alphabetical order as well as the name of the association which will be used on budgets and expense vouchers.

Following the words, "That we" in line one of the body of the bond, the name of the treasurer should be inserted. The name and initials of the treasurer must agree with the name and initials shown on the Report of Election Meeting of Board of Directors, Form N.C.R.-4. If Form N.C.R.-4 has not yet been submitted, it should be submitted to the North Central Division with the treasurers' bond. If the name or initials shown on Form N.C.R.-4 were in error, a correction should be forwarded with the bond so that the records may be brought into agreement. In the event that a new treasurer has been elected since Form N.C.R.-4 was submitted, a copy of the minutes of the election meeting at which such new treasurer was elected should be attached to the bond when it is submitted to the North Central Division. The name of the State should be entered again on line two, following the words, "State of". The name of surety company should be entered in the space in the second line following the word, "and" and preceding the words, "as surety" in line three. The name of the county will be entered in the fourth line preceding the word, "County" and the name of the State will be entered in the fifth line following the words, "State of". If an association comprises two or more counties, the name of the first county entered in the upper right-hand corner is to be inserted followed by the names of the other counties in the association or the abbreviation, "et al", may be used.

Enter in WORDS in the space in line seven of the body of the bond, the amount of the bond and enter in FIGURES in the space in line eight, the same amount.

Enter in the first space in line twelve, following the words, "dated this", the day of the month and in the second space in line twelve, enter the name of the month following the word, "of". Under no circumstances is a date earlier than August 1, 1936 to be inserted. The word, "six" should be entered in the space in line thirteen, following the word, "thirty-".

The treasurer will sign on the line provided for the signature of the principal, writing his name exactly as it appears on the face of the bond. Two witnesses to his signature must sign in the space provided for witnesses as to principal. The name of the surety company will be entered in the line marked, "(Surety)" and the agent will sign following the word, "By", showing his title in the space provided therefor.

The signature of the president of the association, together with the name of the county (which must agree with the name of the association shown in line four of the face of the bond) and the date must be entered in the spaces following the caption, "I recommend approval of the foregoing bond:" The spaces for the rate of premium and total amount of premium should be filled in by the surety agent.

Official approval of the bond following the words, "APPROVED: Henry A. Wallace, Secretary of Agriculture" will be supplied by the North Central Division and are not to be used in the State Office. If desired, the initials of the person approving the bond in the State Office may be inserted immediately following the word, "APPROVED:"

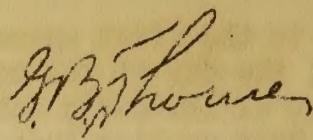
Any change, alteration or erasure of any kind on the bond form invalidates the bond. If executed bonds are received by the State Committee showing changes, alterations or erasures, they should immediately be returned to the association with three new blank forms and instructions to re-execute the bond on new forms and destroy the unacceptable copies;

(4) When approved, the original of the fully executed bond must be mailed to the North Central Division immediately, preferably by Air Mail, without waiting for the completion of the association budget or any other forms;

(5) When notification of the approval of the bond is received from Washington, such notification should be filed where it can readily be referred to. A separate notification of approval will be mailed from the North Central Division directly to the association.

It is the desire of the North Central Division to furnish approval of bonds promptly after they are received in Washington and assurance can be given that such approval will require but few days if bonds are submitted in accordance with instructions contained herein. It is necessary

to check each bond with the Treasury Department as well as to examine it in the North Central Division so that during the time a large number of bonds are being received, it may take a few days longer to furnish approval than will be required ordinarily. Monthly estimates of expenses (monthly budgets) should be submitted without waiting for approval of treasurers' bonds.



G. B. Thorne,
Director,
North Central Division.